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** On 28 October the usual consultations between the Commission of the European Communities and the four European Parliament Committees concerned took place to DECIDE THE RATES OF THE ECSC LEVIES for 1972; the European Parliament Committees were: the Committee for Finance and Budgets, the Economic Affairs Committee, the Committee on Social Affairs and Health Protection and the Committee on Research, Energy and Atomic Problems. To cover the ECSC's financial requirements, which are estimated at 65.7 million units of account for 1972, the Commission recommends the maintenance of the levies at the current rate of 0.30%, as well as a revision of the average values on which the levies are based (this being necessary owing to the rise in prices in the ECSC sector). The levies would thus yield 42.5 million units of account in 1972. The opinion of the European Parliament will be made known after the meeting of the Committee for Finance and Budgets at the beginning of November.

ANNEX 1 gives a brief REVIEW OF THE ECSC ACTIVITIES AND RESOURCES.

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The information and articles published in this Bulletin concern European scientific cooperation and industrial development in Europe. Hence they are not simply confined to reports on the decisions or views of the Commission of the European Communities, but cover the whole field of questions discussed in the different circles concerned.

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** Now that the enlargement of the Community seems definite, this is a good time to review FREEDOM OF ESTABLISHMENT IN THE VARIOUS OCCUPATIONS in the Community. ANNEX 2 summarizes the present situation in this sphere.

A REVIEW OF THE EUROPEAN COAL AND STEEL COMMUNITY'S
ACTIVITIES AND OWN RESOURCES

The fact that the considerable structural changes associated with technological progress and the development of international competition which have occurred in the coal and steel industries of the Six in the last twenty years have taken place without causing a serious crisis, is largely due to the effective intervention of the European Coal and Steel Community (ECSC).

A. ECSC action

Since it was set up in 1952, the European Coal and Steel Community has helped to facilitate the necessary changes in the coal and steel industries and to solve the problems arising from the decline in coal-mining activity (which obliged some 500,000 workers to leave the pits), from the reorganization of enterprises and from the appreciable economic changes in certain regions.

The ECSC's intervention includes in particular:

- Aid for the retraining of workers who have become redundant as a result of reorganizations in the industry. The ECSC bears the cost of removal and resettling of workers who have to move to other regions in order to find employment; if necessary it pays an allowance to offset the reduction in wages resulting from a change of employment; it encourages retraining and also pays allowances to handicapped or elderly workers.
- Aid for coking coal to enable coking coal produced in the Community to meet competition from imported coal without giving rise to a serious crisis.

- Aid for technical and social research to encourage research considered to be of particular interest, by paying a portion of the costs (not exceeding 60-80% of the total). This research relates mainly to the improvement of mining and production techniques, the improvement of safety in mines and steelworks, protection of workers' health and industrial medicine, and air pollution.
- Interest subsidies on loans granted by the Community to assist the financing, either in the coal and steel industries or - with the approval of the Council of Ministers - in any other industry, of new and economically sound activities or of the reorganization of enterprises in order to ensure the productive redeployment of manpower that has become redundant as a result of radical changes in marketing conditions in the coal or steel industry. The ECSC's aid, which is conditional upon at least equal financial participation by the State concerned, has stimulated regional reconversion; it has certainly helped to make the governments aware of regional policy problems.
- Allocation of monies to the special reserve fund for the provision of loans for workers' housing.

B. The ECSC's financial resources

The creation of the ECSC's own resources enables the coal and steel industries to enjoy a number of particular advantages at the cost of only a minor sacrifice. Although the merger of the Executives in 1967 assigned to the Commission of the European Communities the administrative responsibilities formerly discharged by the ECSC High Authority, the European Coal and Steel Community continues to have a separate operating budget, which is derived from the direct contributions of the ECSC industries.

A guarantee fund totalling 100 million units of account was set up shortly after the creation of the ECSC. The interest on the investments made possible by this guarantee fund and other available funds, which may be applied to the budget for 1971-72, will amount to some 10 million units of account.

The levies on coal and steel production, which make up the greater part of the ECSC's own resources, are a Community tax based on the production of the coal and steel industries. The amount payable depends on the tonnage and price (in units of account/metric ton) of the products. The prices used for the calculation are mean values representing the average price of a ton of coal, a ton of basic Bessemer steel or a ton of finished steel products for the period in question and for the entire Community. These mean values are determined by agreement with the trade unions for each financial year, on the basis of the prices charged during a reference period which runs from the 1st of July to the 30th of June preceding the beginning of the financial year). The Commission of the European Communities decides the rate of the levy, which may not exceed 1% without the prior authorization of the Council of Ministers.

For practical reasons, the mean values are not adjusted if they differ by less than 10% from those of the previous year. Thus the mean values for steel or steel products have not been changed since 1956, since the price variations have been offset to within 10%.

However, as steel prices have considerably increased since 1970, and coal prices even more so, the Commission of the European Communities will correct the mean values this year.

The rates of the levy will, however, remain at the previous level of 0.30%. The effects of the rise in costs and in wages and salaries are reflected in a sharp increase in the anticipated ECSC expenditure and there can be no question of reducing the levy rates. Neither does it appear desirable to increase them in the present economic situation, since the rise in mean values already entails a heavier burden for the coal and steel industries. Moreover, the 0.30% rate can be considered a standard medium-term rate for the Six. For the time being, there is no fundamental justification for changing it, particularly on the eve of Britain's entry into the Community.

According to the estimates, in order to ensure coverage of the ECSC's operating budget, which totals 65.7 million units of account for the financial year 1972, the total amount of the levies should be 42.5 million units of account.

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DRAFT ECSC OPERATING BUDGET
for the financial year 1972

REQUIREMENTS		RESOURCES	
Items	Estimates	Items	0.30%
Administrative costs	18	Proceeds of the levy	42.5
Retraining (Art. 56)	17	Interest on investments and	
Aid for research (Art. 55)	12	loans against own funds	10
Technical research on steel 6		Miscellaneous	0.2
Technical research on coal 3		Repayments on loans for	
Research on industrial safety,) 3		workers' housing	5
health protection)		Cancellation of commitments	
environment)		for scrapped projects	2
in the fields of steel and coal		Unused funds brought	
Aid for coking coal	1.7	forward	6
Interest subsidies (Arts. 54 and 56)	8		<u>65.7</u>
Allocation to the special reserve		Surplus	-
(workers' housing)	6		
Contingency reserve	3		
	<u>65.7</u>		<u>65.7</u>

A REVIEW OF FREEDOM OF ESTABLISHMENT IN THE VARIOUS
OCCUPATIONS OF THE COMMUNITY

Now that the enlargement of the Community seems definite, this is a good time to review the present situation as regards freedom of establishment and freedom to supply services in the various occupations in the Community.

Under the Treaty establishing the European Economic Community, firms and members of the liberal professions established in one of the Member States have, of course, the right to set up offices, factories or subsidiaries, or simply to offer their services, anywhere in the Community.

This right of establishment (which does not apply to employed persons, for whom there are special rules) means that persons engaged in non-wage-earning economic activities shall hold a renewable residence permit and shall be treated on equal terms with nationals engaged in similar activities.

The only exceptions are activities involving the exercise, even if only occasional, of official powers and activities constituting a threat to public safety or health or to law and order.

The requirements concerning the movement and residence of nationals of Community Member States who establish themselves in another Member State or supply services there, are at present contained in a Council Directive of 25 February 1964. The Commission of the European Communities intends shortly to submit to the Council of Ministers a new proposal aimed at aligning these requirements with those governing the free movements of workers in the Community (Directive of 15 October 1968). This proposal will introduce two amendments to the present text, viz.:

- the right to residence of persons establishing themselves in another State, to be confirmed by the issue to them of a "residence permit for nationals of a Community Member State";
- the residence documents are to be issued and renewed at no additional charge to that normally made for the issue of national identity cards.

The Treaty stipulates that the existing restrictions on freedom of establishment and freedom to supply services shall be gradually eliminated, in accordance with a joint programme, as the necessary directives are adopted. In the meantime, since 1 January 1958 the Member States have not been allowed to adopt any measure making for greater stringency in the laws relating to freedom of establishment as they existed at that date.

On 1 May 1971 the Council of Ministers adopted 37 directives aimed at the gradual achievement of freedom of establishment and freedom to supply services in the Community.

The present situation in the various sectors and occupations concerned is as follows:

1. Sectors

Trade: liberalized, except for pharmaceutical products, hairdressing, itinerant trade and certain personal services for which directives are in preparation.

Industry and small manufacturing businesses: liberalized, except for the pharmaceuticals and tobacco products.

Agriculture: liberalized as regards services. A final directive on establishment has yet to be adopted. Hunting and fishing have not yet been liberalized.

Transport and auxiliary activities: not yet liberalized. The Council is currently studying two proposed directives on auxiliary transport activities (warehouse and customs personnel). Three draft directives on freedom of establishment for passenger and goods transport operators (by road and inland waterway) have been submitted to the Council of Ministers by the Commission.

2. Liberal professions

Technical professions: not yet liberalized. A number of proposed directives (removal of restrictions, recognition of diplomas, coordination of programmes and transitional measures) concerning most of the activities in the technical sector are currently awaiting examination by the Council of Ministers, as well as three other proposals relating to architects. The texts of the directives on agricultural engineers and surveyors are being drafted.

Medical professions: not yet liberalized. Proposals for directives on doctors and dentists, drug preparation, veterinary surgeons, opticians, qualified masseurs and nurses have been submitted to the Council of Ministers.

Legal professions: not yet liberalized. A proposal concerning lawyers (supply of services) was submitted to the Council in 1969. Other proposals, relating to tax consultants, are in preparation.

Cultural professions: partially liberalized as regards the cinema industry. A number of draft directives on these professions are under study by the Commission's departments. A proposal concerning the press is currently being examined by the Council. Proposals concerning the recreation services, in particular sports instructors, are in preparation.

3. Firms, banks and insurance companies

Firms: the Council has adopted a directive on the coordination of company law (publication of balance-sheets, validity of commitments and dissolution of partnerships). Two proposed directives on mergers at national level, the maintenance of companies' own capital and changes in company capital will be submitted to the Council of Ministers as soon as possible. A number of directives are in the course of preparation (corporate accounts, board of directors, structure and distribution of responsibilities). Other proposals are also under study; these relate to sureties, the dissolution and winding-up of "Sociétés anonymes", and to company groupings and the harmonization of other forms of company, as well as to "Sociétés à responsabilité limitée", cooperatives and legal persons under public law.

Banks: not yet liberalized. The Council of Ministers is examining a proposed directive on the removal of restrictions on freedom of establishment and freedom to supply services.

Insurance: re-insurance is liberalized. The Council is examining a proposed directive on the harmonization of conditions of access to activities in the sector of direct insurance (other than life insurance) and the pursuit of such activities. A proposed directive on the removal of restrictions on freedom of establishment has also been submitted to the Council. Among other proposed directives currently under study, mention may be made of those concerning the harmonization of conditions of activity in the life insurance sector, the harmonization of direct insurance contracts, the establishment of private international law and the winding-up of insurance companies. A further draft directive relates to the checking of the international motor insurance card (the "green card") and aims at coordinating the abolition of checks at frontiers between Member States of the Community.

To date, therefore, not a great deal has been achieved as regards the right of establishment in the Community. Most of the liberal professions have not yet been accorded this right by law. The main reasons for this are the great diversity of professional qualification criteria, training methods, privileges, etc. in the Member States and the difficulty of reaching agreement among the Member States on criteria of equivalence for qualifications and diplomas.

Numerous proposed directives are in the course of preparation or are already before the Council of Ministers. It is necessary, however, to take into account both the difficulties inherent in the subject and the lengthiness of the legislative procedure, which takes nearly two years provided that no obstacles are encountered.